



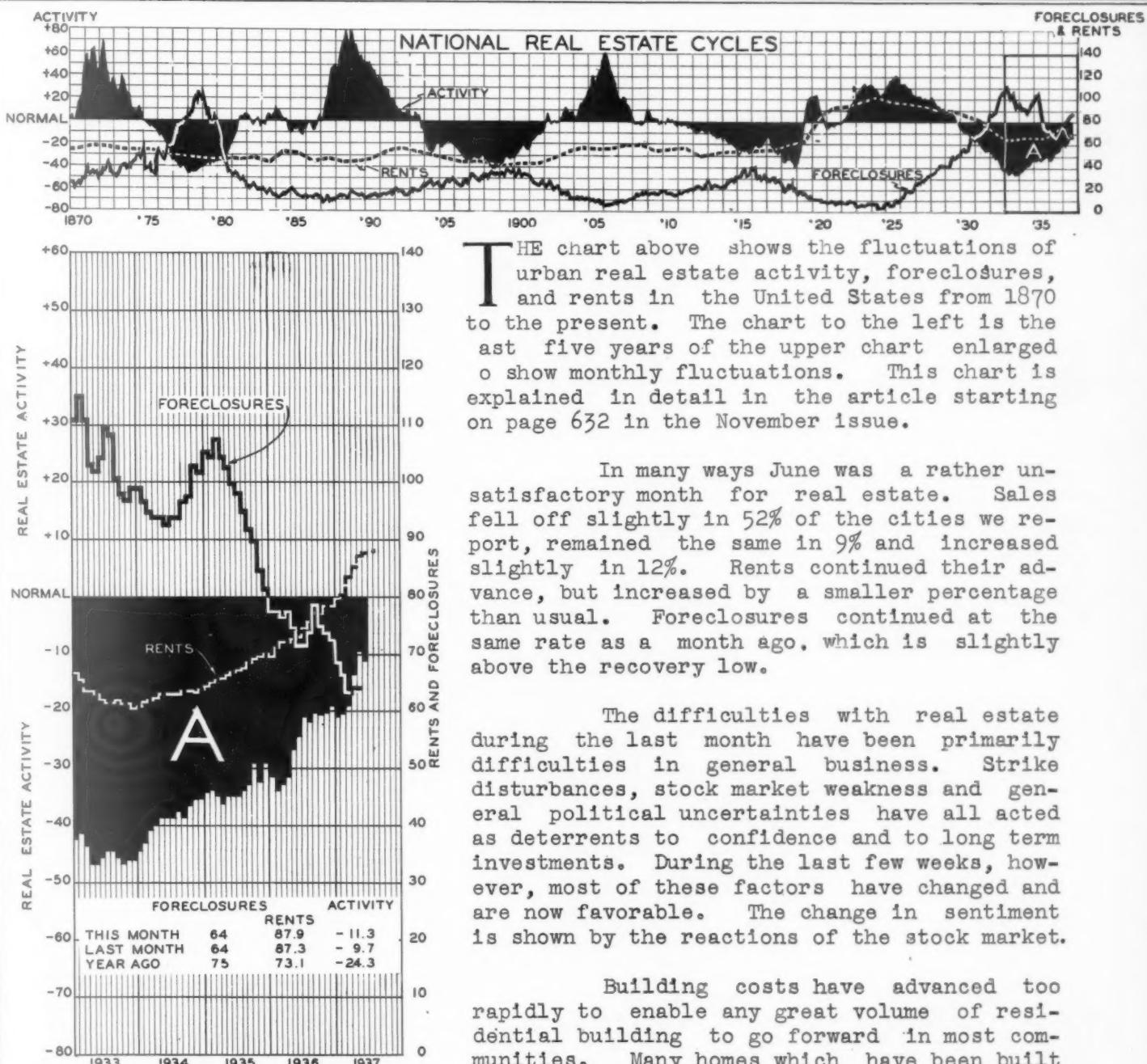
The Real Estate ANALYST

JULY
1937

Roy Wenzlick
Editor

A concise easily digested monthly analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values...Current Studies...Surveys...Forecasts

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Real Estate Economists, Appraisers and Counselors



THE chart above shows the fluctuations of urban real estate activity, foreclosures, and rents in the United States from 1870 to the present. The chart to the left is the last five years of the upper chart enlarged to show monthly fluctuations. This chart is explained in detail in the article starting on page 632 in the November issue.

In many ways June was a rather unsatisfactory month for real estate. Sales fell off slightly in 52% of the cities we report, remained the same in 9% and increased slightly in 12%. Rents continued their advance, but increased by a smaller percentage than usual. Foreclosures continued at the same rate as a month ago, which is slightly above the recovery low.

The difficulties with real estate during the last month have been primarily difficulties in general business. Strike disturbances, stock market weakness and general political uncertainties have all acted as deterrents to confidence and to long term investments. During the last few weeks, however, most of these factors have changed and are now favorable. The change in sentiment is shown by the reactions of the stock market.

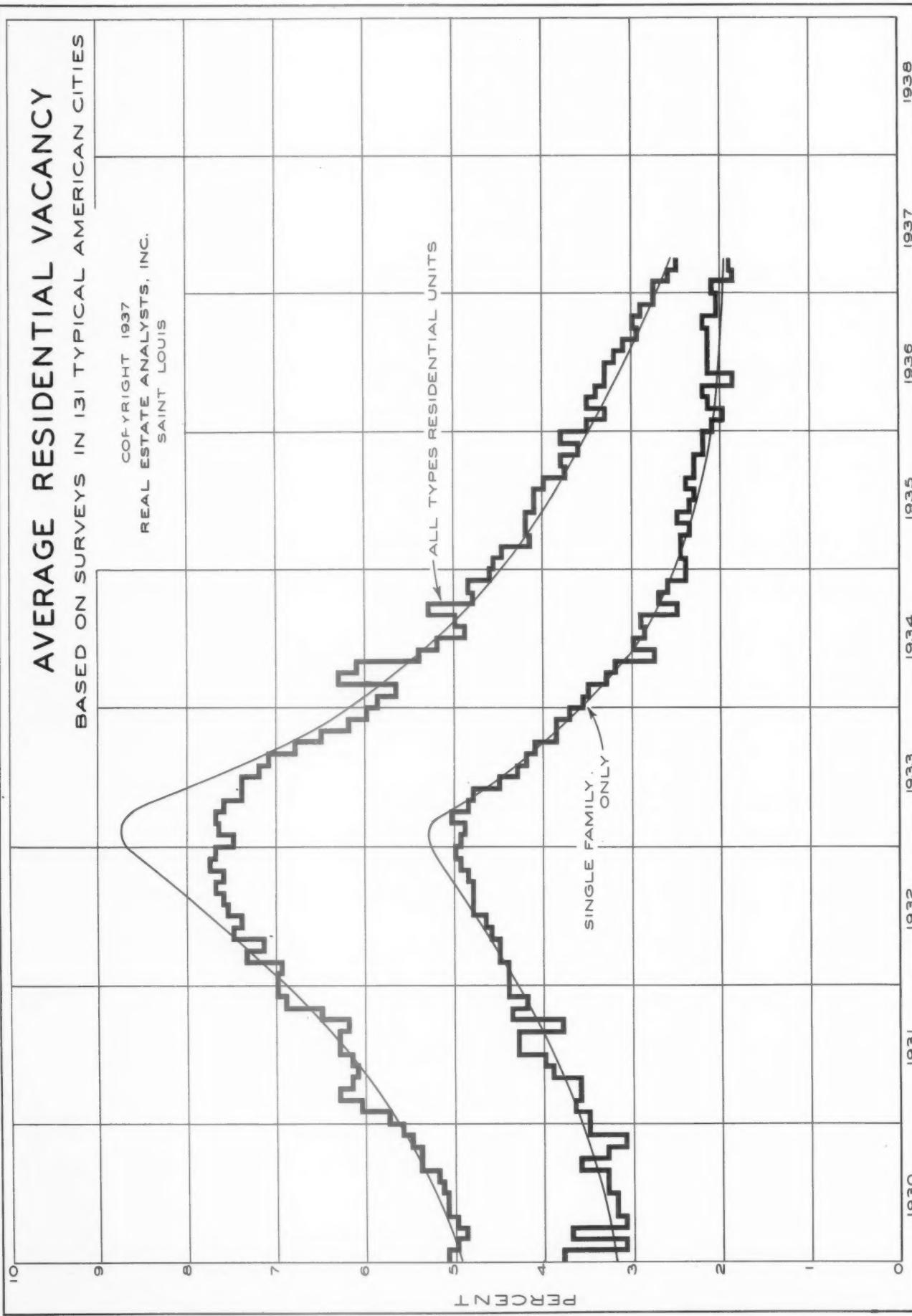
Building costs have advanced too rapidly to enable any great volume of residential building to go forward in most communities. Many homes which have been built recent past are still unsold, and speculative builders are becoming quite discouraged with the outlook. We believe that building costs will go higher, and that they will continue to act as a retardment for some time longer on new building. However, as rents and values on older properties recover as they are recovering, the time will (continued on page 765)

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AVERAGE RESIDENTIAL VACANCY

BASED ON SURVEYS IN 131 TYPICAL AMERICAN CITIES

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RESIDENTIAL VACANCY IN 131 CITIES

THE chart on the page opposite shows an effort to chart residential vacancy in all principal cities of the United States from 1930 to the present. Figures were secured on 131 cities in which vacancy surveys had been made one or more times during this period. Some cities are represented with but a single survey. In other cities surveys have been made at rather frequent intervals, and in a few cities monthly figures are available. The 131 cities are spotted on the map below to give some idea of the representative areas which went into these averages.

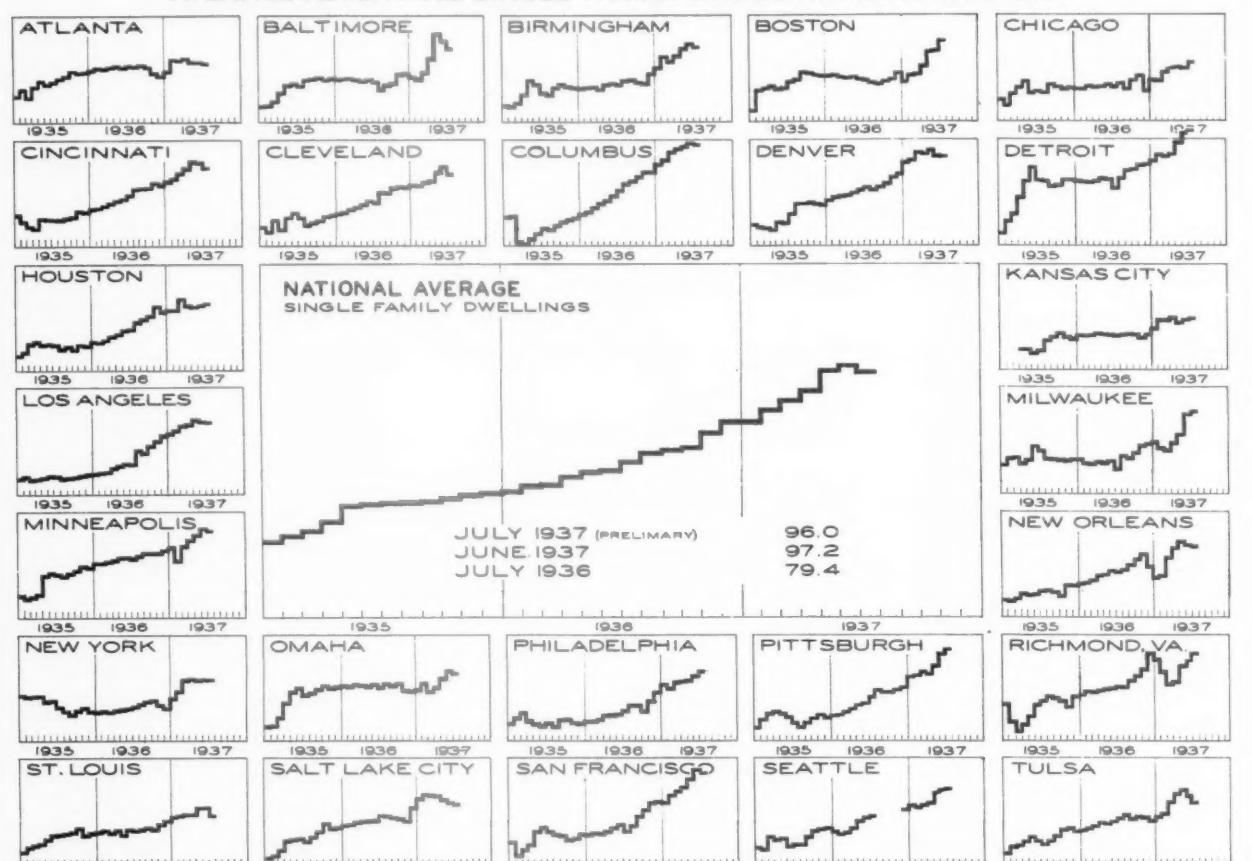
The big problem in preparing these charts was, of course, taking the scattered surveys and welding them into a single index which would give some idea of the month by month trend. The method used was as follows: First, a very large chart was prepared showing the period from 1930 to the present by months. The vertical scale on this chart was divided to show the percentage of vacancy. Each vacancy survey which has been made in any city was spotted in the proper month and year at the proper height to show the percentage of vacancy in that city at that time. Where frequent surveys were available for any city, the dots representing the percentages of vacancy were connected by straight lines. After all cities had been put on this base chart, a median was taken for each month from the vacancy percentages shown in that month. This included not only the actual surveys made at that time but also the estimated percentages for the month obtained from lines connecting vacancy surveys not made in that particular city that month.

This method, we believe, is quite accurate in all periods in which the trend is proceeding in a rather regular manner. When, however, a reversal of trend comes in a relatively short period, particularly if few surveys are made during the period, this method will underestimate the heights or depths of the points during the period. In the spring of 1933 vacancy reached its peak at the time of the bank collapse. Very few surveys were made during this period of economic confusion. Owners and operators of real estate were sufficiently discouraged without securing a factual basis to intensify their pessimism. On our large base chart, if a survey had been made in 1932 and the next one in 1934, a straight line connecting the two failed to show the rise and fall which occurred during this period. We have, accordingly, placed on each of the lines showing the actual monthly averages a line which shows the probable percentage of vacancy corrected for the shortcomings of this particular method.

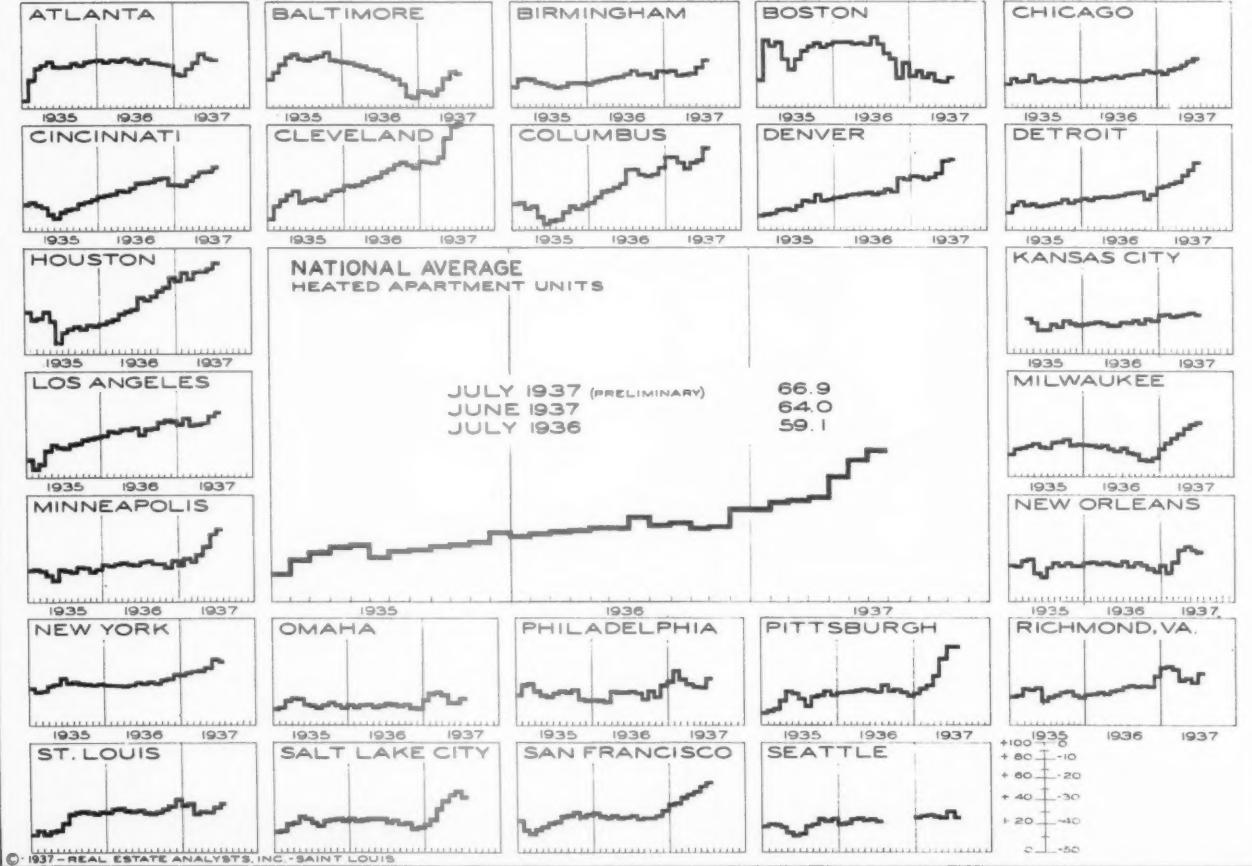


The significant thing in this chart, however, is the very steady decline in all types of residential vacancy and in the vacancy of single family residences during the last three years. Vacancy will continue to decline as demand is now expanding faster than new building is providing additional quarters.

AVERAGE ADVERTISED SINGLE FAMILY DWELLING RENTS 1935-1937



AVERAGE ADVERTISED APARTMENT RENTS 1935-1937



ADVERTISED RENTALS ON DWELLING UNITS

REAL Estate Analysts, Inc., computes the average advertisement rent of single family dwelling and heated apartment units each month in the twenty-six metropolitan areas listed below. The figures given are average rents per month per room for all units of each type, large and small, advertised in the classified columns of the leading newspapers of each city. The figures given below, unlike the figures which "appeared in earlier issues of The Real Estate Analyst," have been adjusted for seasonal fluctuation, as we

in principal cities. Advertised rents represent not what properties are actually renting for, but what the owners of the properties believe they will bring. After some adjustment in periods of depression for bargaining between the landlord and the tenant and for other concessions we are convinced that these rents represent roughly the levels at which properties are being rented currently. The last figures are preliminary, based on the advertisements appearing during the first two weeks of the month.

The average rent per month per room of all places advertised will vary considerably from month to month due to the inclusion some months of a larger number of either high or low priced units. The charts on the opposite page show these figures adjusted for seasonal fluctuation, with large composite charts showing the average fluctuations city by city.

REAL Estate Analysts, Inc., computes the average adver-tised rent of single family dwelling and heated apart-ment units each month in the twenty-six metropolitan areas listed below. The figures given are average rents per month per room for all units of each type, large and small, advertised in the classified columns of the leading newspa-pers of each city. The figures given below, unlike the fig-ures which appeared in earlier issues of *The Real Estate Analyst*, have been adjusted for seasonal fluctuation, as we-

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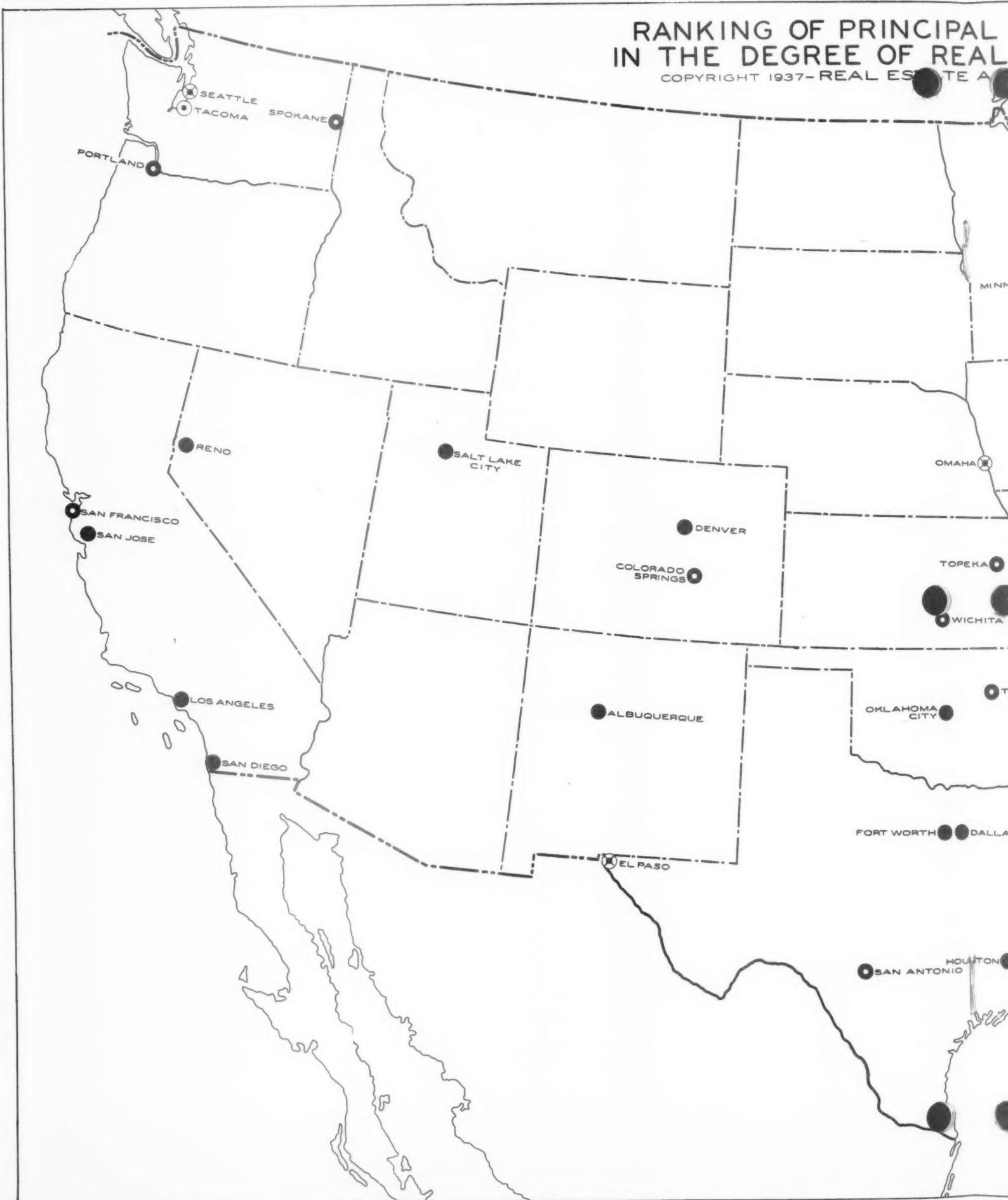
	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
Atlanta	\$6.21	\$5.91	\$6.33	\$6.54	\$6.43	\$6.52	\$6.60	\$6.75
Baltimore	5.08	5.19	5.40	5.77	5.71	5.93	5.99	6.05
Birmingham	4.12	4.57	4.30	5.27	5.11	4.85	4.80	5.00
Boston	4.12	4.57	4.30	5.27	5.11	4.85	4.80	5.00

	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
Atlanta	\$6.21	\$5.91	\$6.33	\$6.54	\$6.43	\$6.52	\$6.60	\$6.75
Baltimore	5.08	5.19	5.40	5.77	5.71	5.93	5.99	6.05
Birmingham	4.12	4.57	4.30	5.27	5.11	4.85	4.80	5.00
Boston	4.12	4.57	4.30	5.27	5.11	4.85	4.80	5.00

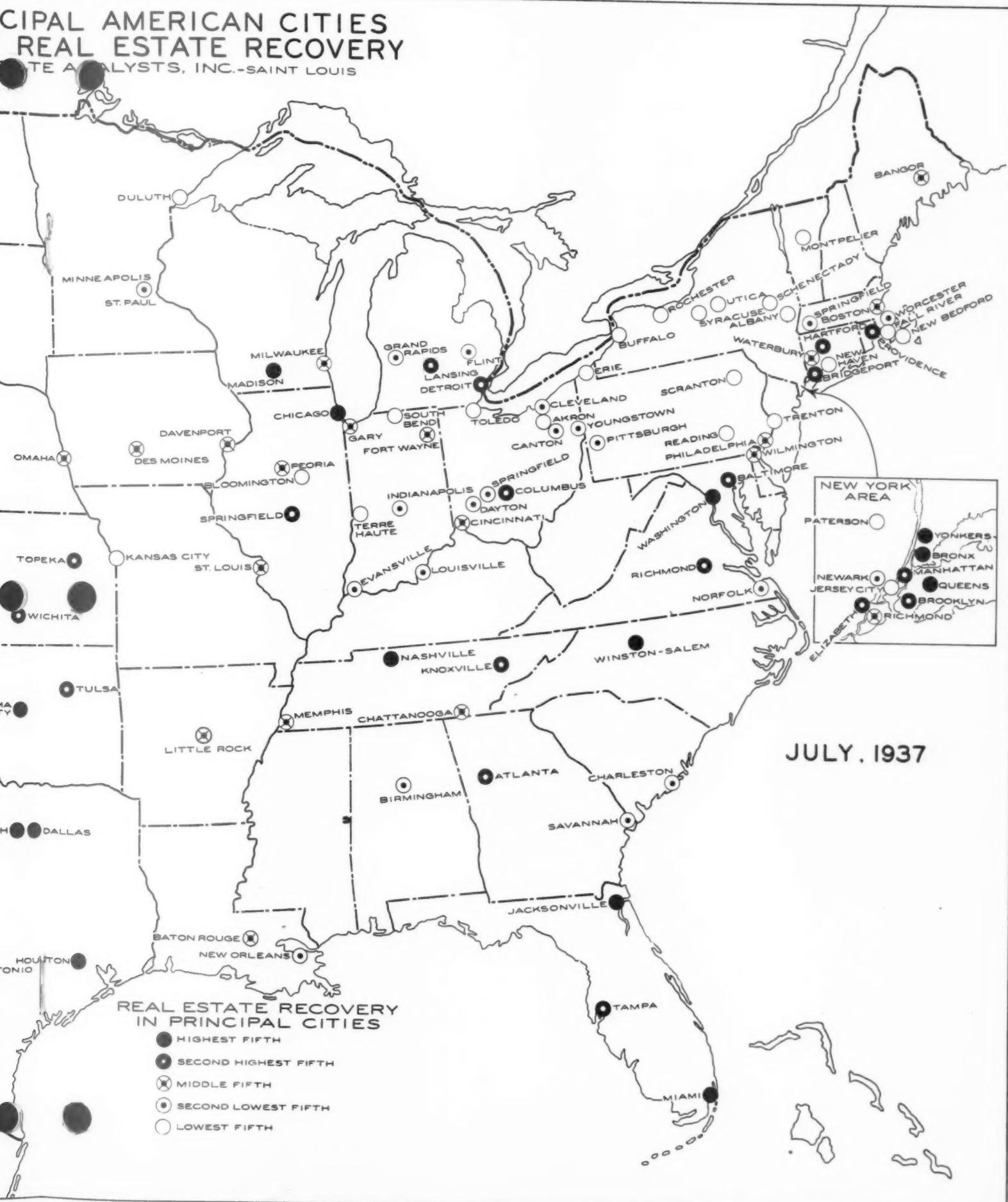
Preliminary
Newspaper strike

RANKING OF PRINCIPAL CITIES IN THE DEGREE OF REAL

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**PRINCIPAL AMERICAN CITIES
REAL ESTATE RECOVERY**
REAL ESTATE ANALYSTS, INC.-SAINT LOUIS



DEGREE OF REAL ESTATE RECOVERY IN PRINCIPAL CITIES

THE chart on the page opposite shows the present degree of recovery of real estate in principal American cities. This chart is based primarily on the relative amount of building being done in each metropolitan area. If we are right in our contention that new building is always the resultant of the relationship of rents and values to current construction costs, then new building will not proceed in any great quantity until rents and values have risen to a point where they are apparently high enough to pay a return on the current replacement cost. If a large residential vacancy still exists, clearly, rents cannot have risen to this point. If taxes are unusually high, rents must rise to the point where they will apparently show a net return above the high taxes. If a city is losing population or not gaining population as rapidly as most other cities, it will take it longer to absorb its residential surplus, meaning that rents will rise slower and it will take longer for it to get to the point where new building can be done profitably in volume. If, on the other hand, a city is increasing rapidly in population, vacancy will be absorbed quite rapidly, rents and values will increase faster; and in a comparatively short time rents and values will be at the point where there is an incentive to build and a large amount of building will take place.

" Government building is excluded in arriving at our ranking of these cities, as clearly, government building does not indicate whether or not rents have risen to a profitable point. It will be noticed that all cities are ranked into either the highest fifth, the second highest fifth, the middle fifth, the second lowest fifth, and the lowest fifth. We consider this a more satisfactory arrangement than calling the first group of cities high; the second, above average; the third, average; the next, below average; and the last group, low. As recovery progresses, undoubtedly many of the cities which will be in the lowest fifth will have a degree of recovery which is as great as the leaders at the present time. However, the thing we are trying to show in this particular study is not the degree of recovery in the United States, but the relative degree in the various communities.

The question might be asked whether or not changes in construction cost in these various cities might affect our index. Suppose construction costs should increase by 25% in the next year--would that not retard building sufficiently so that its volume would fall? There can be no question of the fact that this would be the case, but building volume would fall farther in cities where rents and values had risen least or else where taxes or other operating expenses were unusually high, preventing a fair net return. Since we are ranking all cities on a relative basis, even though general building volume is reduced to one half its present volume, those cities in which the necessary adjustments have taken place would still show in the top fifth and those in which the adjustments are lagging would be in the bottom fifth. We shall reprint this chart each quarter.





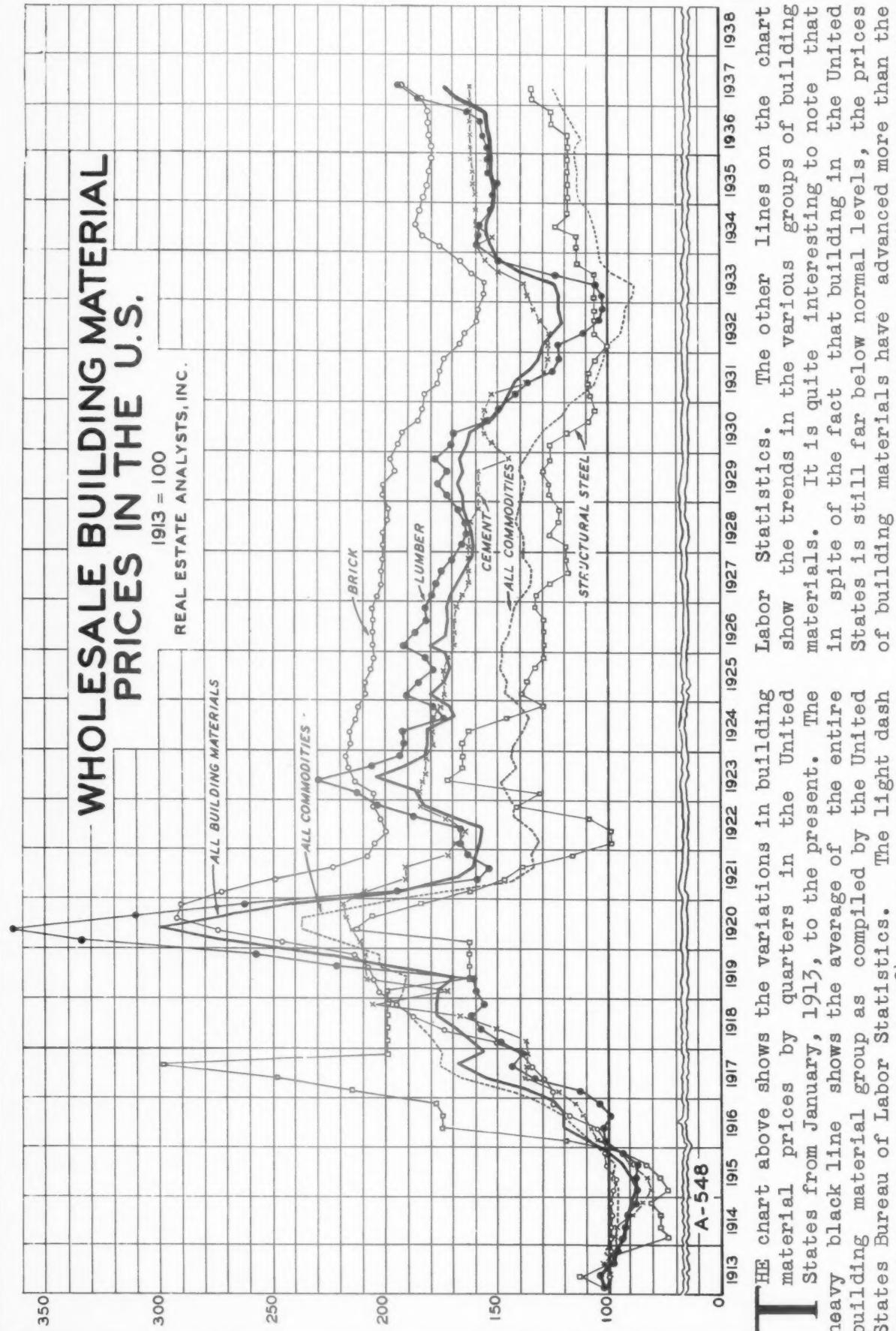
**WAGES ACTUALLY PAID ON SMALL RESIDENTIAL CONSTRUCTION
AT THE BOTTOM OF THE DEPRESSION IN 1933 AND IN JULY, 1937**

	Brick Mason	Stone Mason	Carpenter	Painter	Plumber	Plasterer	Electrician	Paper Hanger	Unskilled Labor	Semi-skilled Labor	Skilled Labor
	1933	1937	1933	1937	1933	1937	1933	1937	1933	1937	1933
Amarillo, Texas	.42 ^{1/2}	---	.42 ^{1/2}	---	.31						
Atlanta, Ga.	.45	1.00	.45	1.00	.35	.65	.55	1.12 ^{1/2}	.45	.55	1.00
Baltimore, Md.	.50	1.25	.50	1.25	.50	.80	.50	1.25	.75	.75	.80
Birmingham, Ala.	.60	.75	.60	.75	.40	.80	.35	1.00	.60	.75	.80
Boston, Mass.	.65	1.50	.65	1.50	.45	1.37 ^{1/2}	.45	1.25	.60	.75	.85
Chicago, Ill.	.75	1.70	.62 ^{1/2}	1.70	.50	1.62 ^{1/2}	.60	1.67	.75	1.70	.65
Cincinnati, Ohio	.70	1.25	.70	1.25	.55	1.00	.50	1.10	.87 ^{1/2}	.50	1.00
Columbus, Ohio	.60	1.50 ^{1/2}	.60	1.50 ^{1/2}	.50	1.15	.40	1.00	.50	.50	.50
Dallas, Texas	.50	1.00	.50	1.00	.50	.85	.40	1.00	.75	.75	.75
Denver, Colo.	.60	1.05	---	1.05	.50	.87 ^{1/2}	.50	.90	---	1.45	---
Des Moines, Ia.	.75	1.50	.75	1.50	.75	1.15	.50	1.12 ^{1/2}	.75	1.37 ^{1/2}	.50
Detroit, Mich.	.50	1.50	.50	1.50	.35	1.25	.40	1.00	.45	1.25	---
Erie, Pa.	.60	1.50	.60	1.50	.50	1.10	.50	1.05	.50	1.25	---
Flint, Mich.	.70	1.50	.70	1.50	.50	1.00	.50	1.00	.87 ^{1/2}	1.00	1.05
Fort Worth, Texas	.37 ^{1/2}	---	.37 ^{1/2}	---	.31 ^{1/2}	.62 ^{1/2}	.31 ^{1/2}	.50	.90	.40	.40
Hartford, Conn.	.62 ^{1/2}	1.12 ^{1/2}	.62 ^{1/2}	1.12 ^{1/2}	.55	1.00	.57 ^{1/2}	1.00	.62 ^{1/2}	1.12 ^{1/2}	.55
Houston, Texas	.60	1.37 ^{1/2}	.60	1.37 ^{1/2}	.50	.80	.50	.75	.75	1.37 ^{1/2}	.50
Hutchinson, Kan.	.50	.75	.50	1.00	.40	.62 ^{1/2}	.40	.57 ^{1/2}	.75	1.25	---
Indianapolis, Ind.	.60	---	.60	---	.45	1.25	.45	1.25	.62 ^{1/2}	1.10	---
Kansas City, Mo.	.60	1.50	.50	1.50	.50	1.25	.50	1.25	.50	1.00	.31
Long Beach, Calif.	.75	---	.75	---	.75	1.00	.75	1.12 ^{1/2}	.62 ^{1/2}	1.12 ^{1/2}	.55
Los Angeles, Calif.	.56 ^{1/2}	1.00	.75	1.00	.55	1.00	.50	.75	.42 ^{1/2}	.42 ^{1/2}	.40
Memphis, Tenn.	.82 ^{1/2}	---	.82 ^{1/2}	---	.50	1.00	.50	1.12 ^{1/2}	.82 ^{1/2}	1.25	---
Miami, Fla.	.60	---	---	---	.60	---	.50	1.25	.50	1.25	---
Minneapolis, Minn.	---	1.37 ^{1/2}	---	1.37 ^{1/2}	.55	1.25	.50	1.25	1.37 ^{1/2}	1.45	1.45
Newark, N. J.	.75	---	---	---	.62 ^{1/2}	---	.62 ^{1/2}	---	.62 ^{1/2}	---	1.25
New Orleans, La.	.60	1.00	---	1.00	.47 ^{1/2}	.75	---	.75	.67 ^{1/2}	1.00	1.25
New York City	.40	1.88	.35	1.88	.32 ^{1/2}	1.75	.55	.65	.40	2.00	1.25
Oakland, Calif.	.75	1.50	.75	1.50	.62 ^{1/2}	1.12 ^{1/2}	.69	1.00	.75	.62 ^{1/2}	.75
Omaha, Nebr.	.67 ^{1/2}	1.25	---	1.25	.60	1.00	.55	.90	1.37 ^{1/2}	.67 ^{1/2}	1.37 ^{1/2}
Orlando, Fla.	.60	1.10	.60	1.10	.60	.80	.85	.75	1.00	1.00	.60
Philadelphia, Pa.	.50	1.62 ^{1/2}	.50	1.62 ^{1/2}	.50	1.12 ^{1/2}	.40	1.12 ^{1/2}	.45	1.20	.50
Phoenix, Ariz.	1.00	1.25	---	1.25	.65	1.25	.60	1.00	.75	1.25	.60
Pittsburgh, Pa.	.55	1.25	---	1.25	.55	1.25	.55	1.25	.65	1.25	.60
Portland, Oreg.	.60	1.50	.60	1.50	.50	1.12 ^{1/2}	.60	1.25	.55	1.50	.50
Providence, R. I.	.62 ^{1/2}	1.25	---	1.25	.62 ^{1/2}	.77	.62 ^{1/2}	.77	.87 ^{1/2}	1.25	.62 ^{1/2}
Ridgewood, N. J.	---	---	---	---	.60	---	.81 ^{1/2}	---	.75	1.25	---
St. Louis, Mo.	.45	1.37	.50	1.50	.37 ^{1/2}	1.00	.40	1.00	.75	1.00	.67 ^{1/2}
Salt Lake City, Utah	.55	1.00	.55	1.00	.50	.95	.52 ^{1/2}	.75	.75	1.00	.52 ^{1/2}
San Antonio, Texas	.40	.87 ^{1/2}	.35	.62 ^{1/2}	.37 ^{1/2}	.62 ^{1/2}	.37 ^{1/2}	.75	.37 ^{1/2}	1.25	.37 ^{1/2}
Savannah, Ga.	.50	1.00	.50	1.00	.40	.70	.40	.70	.67 ^{1/2}	.80	.50
Seattle, Wash.	.75	1.60	---	1.60	.62 ^{1/2}	1.25	.67 ^{1/2}	1.50	.80	.75	1.50
South Bend, Ind.	.75	1.50	---	1.50	.50	.95	.45	.85	.75	1.50	.45
South Orange, N. J.	.75	1.50	.75	1.50	.60	1.37 ^{1/2}	.50	1.12 ^{1/2}	.75	1.50	.50
Topeka, Kan.	.62 ^{1/2}	1.25	---	1.25	.57 ^{1/2}	1.00	.45	.87 ^{1/2}	.62 ^{1/2}	.75	1.25
Tulsa, Okla.	---	1.00	---	1.00	.95	---	.91	---	.98	1.00	.98
Washington, D. C.	.50	1.77 ^{1/2}	.50	1.72 ^{1/2}	.50	1.00	.50	1.25	.62 ^{1/2}	1.00	.50
Wichita, Kan.	.75	1.25	.75	1.25	.50	1.00	.50	.75	1.10	.75	.50

WHOLESALE BUILDING MATERIAL PRICES IN THE U.S.

1913 = 100

REAL ESTATE ANALYSTS, INC.



The chart above shows the variations in building material prices by quarters in the United States from January, 1913, to the present. The heavy black line shows the average of the entire building material group as compiled by the United States Bureau of Labor Statistics. The light dash line shows the average of 784 items comprising the entire wholesale commodity index of the Bureau of Labor Statistics. The other lines on the chart show the trends in the various groups of building materials. It is quite interesting to note that in spite of the fact that building in the United States is still far below normal levels, the prices of building materials have advanced more than the average of all commodities. It will be noticed that this was also true in 1920.

The chart above shows the variations in building material prices by quarters in the United States from January, 1913, to the present. The heavy black line shows the average of the entire building material group as compiled by the United States Bureau of Labor Statistics. The light dash line shows the average of 784 items comprising the entire wholesale commodity index of the Bureau of

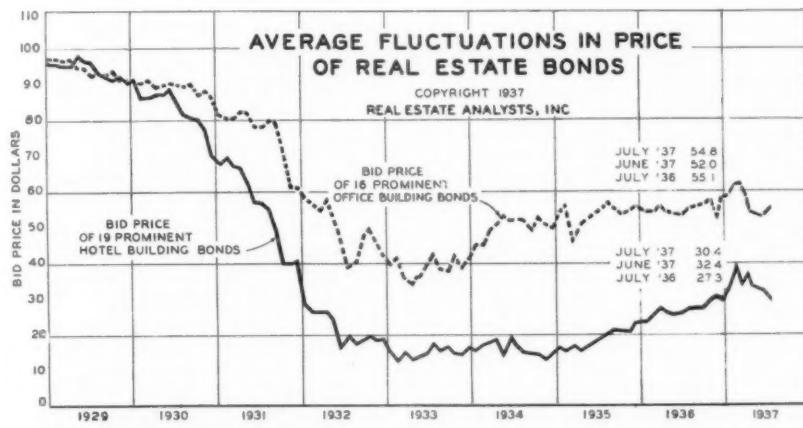
(continued from page 755)

come when new building can be done at a profit; and when that time comes the real building boom will start. This slowness in recovery in residential building is not an unforeseen development. A perusal of our back reports and of pages 22 to 29 in "The Coming Boom in Real Estate" will demonstrate that this was a logical expected step in recovery, and one of the reasons we believed that rents and values on older properties would increase materially. An irrational boom would be impossible were it not for these rapid rises in construction costs. If new building could get away to a rapid start, the housing shortage would not become acute, rents and values would not rise materially, and dammed up demand would not cause the tremendous heights of new building which we expect in the early forties.

THE INCREASE IN LABOR COSTS SINCE 1933

ON page 763 we show a comparison of construction wage rates in 1933 and the present for a large number of the principal cities. As explained in the June Analyst, the 1933 figures were taken from questionnaires filled out for the Government by builders of small homes. They represent wages actually paid rather than scale wages. Real Estate Analysts, Inc., has sent a duplicate questionnaire to each person who filled out a questionnaire in 1933, asking that the same type of material be given for the present. In a few cases it was impossible to secure replies from the same people who filled out questionnaires before, as some of the companies had gone out of business during the depression. If we could, we secured material from other sources for those cities.

We have averaged the wages in all cities for 1933 and have compared the averages with the figures for 1937. We find that the wages of brick masons have increased by 114.6%, stone masons 126.1%, carpenters 105%, painters 95%, plumbers 73.3%, plasterers 116.8%, electricians 83%, paper hangers 94.2%, unskilled labor 90.6%, and semi-skilled labor 99.8%. Weighting the different trades in about the way they would appear in the figures for a typical small home, we find that the labor cost of building has increased approximately 101.6%.

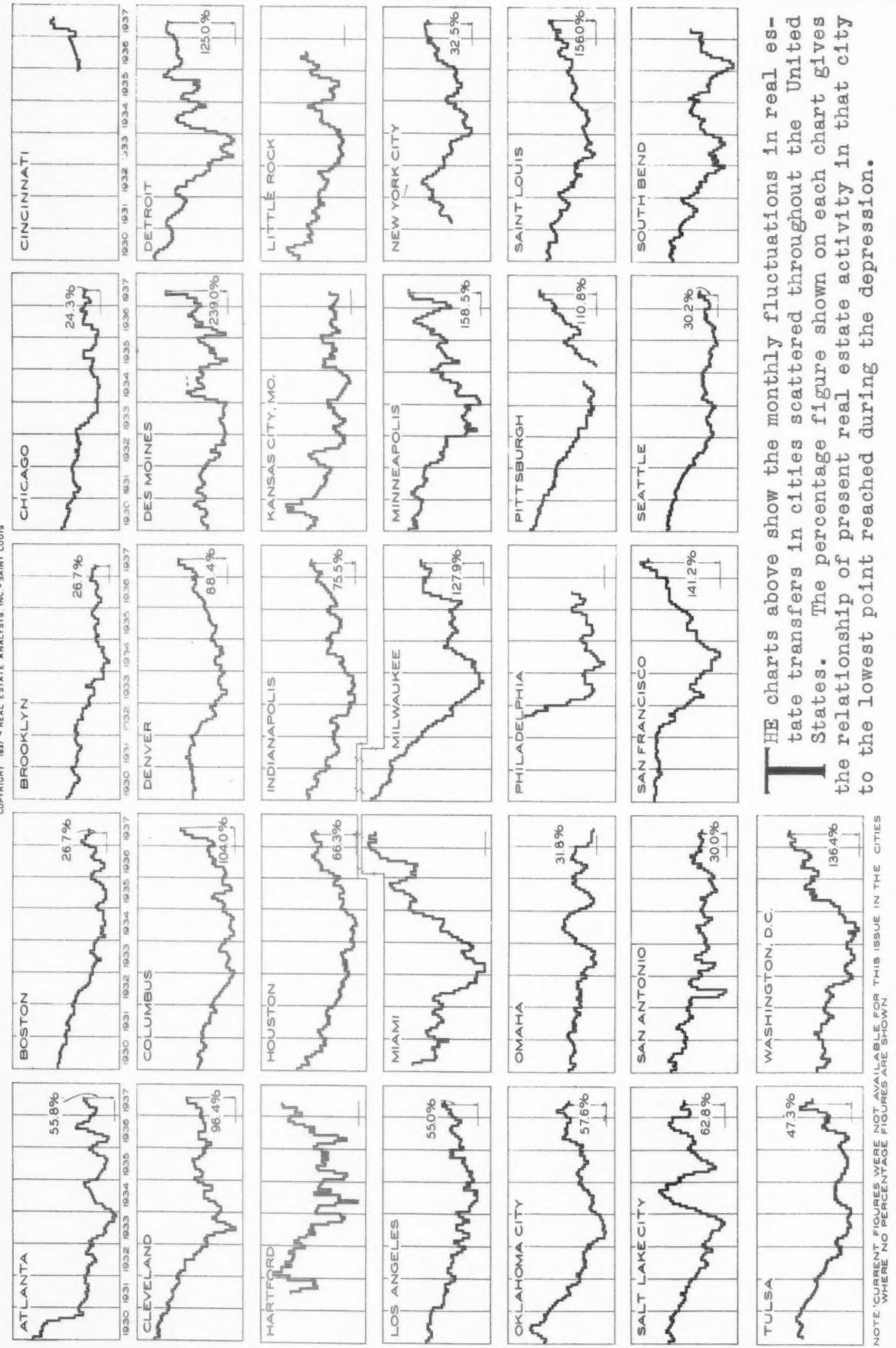


THE chart to the left shows the fluctuations in the bid prices of office and hotel bonds. These bonds suffered a sympathetic reaction from the general weakness of the security market. We believe that after this temporary recession is over prices will continue to advance.

REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

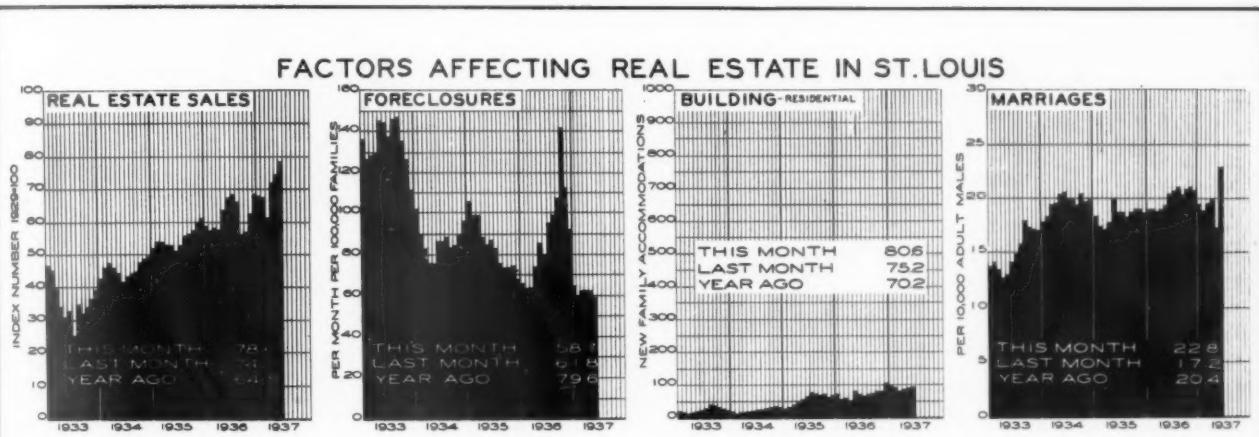
1930-1937

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NOTE: CURRENT FIGURES WERE NOT AVAILABLE FOR THIS ISSUE IN THE CITIES WHERE NO PERCENTAGE FIGURES ARE SHOWN

THE charts above show the monthly fluctuations in real estate transfers in cities scattered throughout the United States. The percentage figure shown on each chart gives the relationship of present real estate activity in that city to the lowest point reached during the depression.



REAL Estate Analysts, Inc., has made an intensive study of Greater Saint Louis on the assumption that an exhaustive study over a long period of all factors affecting real estate in one representative community is often of greater value in determining the sequence of events in collapse and recovery than is a general study of the entire country.

After adjustment for seasonal fluctuation the indexes of the factors affecting real estate in Saint Louis made rapid gains last month. Real estate sales again set a recovery high. Foreclosures dropped to a recovery low. Residential vacancies showed no change; and residential construction, in spite of increased construction cost, showed a slight increase. The marriage rate increased sharply to the highest point yet reached in the recovery.

From June 14 to July 8 residential vacancies in Saint Louis showed practically no change. Vacancies in single family residences increased slightly, but this was offset by the vacancies in two-family buildings. Three or more family buildings increased slightly, but this too was offset by a very slight decrease in apartment units. The number of vacant residential units in July of the last four years is shown in the table below in contrast with the number for November, 1932.

Date	Vacancies	Vacancy %
November, 1932	28,207	12.8
July, 1934	14,000	6.3
July, 1935	10,700	4.8
July, 1936	8,700	3.9
July, 1937	7,850	3.5

MONTHLY FLUCTUATIONS IN RESIDENTIAL VACANCY IN ST. LOUIS

